

Barco Wholesale Limited

Report and Accounts

30 September 1999



MARTIN GREENE RAVDEN

*Chartered Accountants
and Registered Auditors*

**55 Loudoun Road
St John's Wood
London NW8 0DL**

Company No. 2692195

Barco Wholesale Limited

REPORT AND ACCOUNTS

For the year ended 30 September 1999

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Barco Wholesale Limited

COMPANY INFORMATION

Directors	P R Barrow S J Barrow
Secretary	S J Barrow
Business address	Unit 2 West Burrowfield Welwyn Garden City Herts. AL7 4TW
Registered office	Unit 2 West Burrowfield Welwyn Garden City Herts. AL7 4TW
Auditors	Martin Greene Ravden Chartered Accountants and Registered Auditors 55 Loudoun Road St John's Wood London NW8 0DL
Principal bankers	National Westminster Bank Plc 10 St Peter's Street St Albans Herts AL1 3LY

Barco Wholesale Limited

DIRECTORS' REPORT

For the year ended 30 September 1999

The directors present their report and the audited accounts for the year ended 30 September 1999.

Statement of directors' responsibilities

A statement of the directors' responsibilities in relation to the accounts is set out on page 3.

Principal activities and business review

The principal activities of the company are those of buying, selling, hire and service of building and engineering equipment.

The directors are concerned about the loss incurred for the year and will implement the appropriate measures to restore the business to profitability. The directors believe that the company is soundly based to take advantage of opportunities arising in the coming year.

Results and dividends

The results for the year are set out in the profit and loss account on page 5. The directors recommend that no dividend be paid for the year (1998 - £nil).

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's share capital were as follows:

	Number of £1 Ordinary Shares at	
	1 October 1998	30 September 1999
P R Barrow	750	750
S J Barrow	750	750

Donations

The company made charitable donations of £230 (1998 - £180) during the year.

Year 2000


The directors believe that they have taken reasonable steps to ensure that the company will not be affected by Year 2000 issues.

The costs of dealing with these issues have been, and will continue to be absorbed within the normal running costs of the business.

Auditors

A resolution to re-appoint the auditors, Martin Greene Rayden, will be proposed at the forthcoming annual general meeting.

By order of the Board


S J Barrow
Secretary

31 March 2000

STATEMENT OF DIRECTORS' AND AUDITORS' RESPONSIBILITIES
in relation to the accounts for the year ended 30 September 1999

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that the accounts comply with these requirements.

The directors, having prepared the accounts, are required to provide to the auditors such information and explanations as the auditors think necessary for the performance of their duty.

Auditors' responsibilities

The auditors are required to form an independent opinion on the accounts presented by the directors, based on their audit, and to report their opinion to the shareholders. The Companies Act 1985 also requires the auditors to report to shareholders if the following requirements are not met:

- that the company has maintained proper accounting records;
- that the accounts are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report on page 2. However, the Companies Act 1985 requires the auditors to report to shareholders if the matters contained in the directors' report are inconsistent with the accounts.

Barco Wholesale Limited

AUDITORS' REPORT

to the shareholders of Barco Wholesale Limited

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 30 September 1999 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MARTIN GREENE RAVDEN

*Chartered Accountants
and Registered Auditors*

55 Loudoun Road
St John's Wood
London NW8 0DL

31 March 2000

Martin Greene Ravden

Barco Wholesale Limited

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 1999

	Notes	1999 £	1998 £
Turnover	2	4,414,335	3,913,972
Cost of sales		(3,221,431)	(2,907,815)
Gross profit		1,192,904	1,006,157
Administrative expenses		(1,296,951)	(718,196)
Operating (loss) profit	3	(104,047)	287,961
Interest receivable		8,524	5,572
Interest payable	7	(19,972)	(19,297)
(Loss) profit on ordinary activities before taxation		(115,495)	274,236
Taxation	8	20,431	(53,262)
(Loss) profit for the financial year		(95,064)	220,974
Retained profit brought forward		683,783	462,809
Retained profit carried forward		588,719	683,783

All amounts relate to continuing activities.

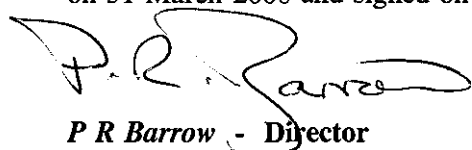
All recognised gains and losses are included in the profit and loss account.

Barco Wholesale Limited

BALANCE SHEET at 30 September 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	9	445,393	456,619
Current assets			
Stocks	10	338,362	248,547
Debtors	11	799,059	775,598
Cash at bank and in hand		238,569	121,769
		1,375,990	1,145,914
Creditors due within one year			
Trade and other creditors	12	(1,080,063)	(564,839)
Short term borrowings	13	(73,049)	(199,228)
		(1,153,112)	(764,067)
Net current assets		222,878	381,847
Total assets less current liabilities		668,271	838,466
Creditors due after one year			
Loans and other borrowings	13	(78,052)	(153,183)
Net assets		590,219	685,283
Capital and reserves			
Called up share capital	15	1,500	1,500
Profit and loss account		588,719	683,783
Shareholders' funds		590,219	685,283

The accounts were approved by the Board
on 31 March 2000 and signed on its behalf by



P R Barrow - Director

Barco Wholesale Limited

CASH FLOW STATEMENT

For the year ended 30 September 1999

	Notes	1999 £	1998 £
Net cash inflow (outflow) from operating activities	18.1	431,933	(4,481)
Returns on investments and servicing of finance			
Interest received		8,524	5,572
Interest paid		(10,643)	(14,731)
Interest element of finance lease payments		(9,329)	(4,566)
		<u> </u>	<u> </u>
Net cash (outflow) from returns on investments and servicing of finance		(11,448)	(13,725)
		<u> </u>	<u> </u>
Taxation paid		(52,402)	(62,324)
		<u> </u>	<u> </u>
Capital expenditure			
Purchase of tangible fixed assets		(82,473)	(92,831)
Disposal of tangible fixed assets		32,500	8,400
		<u> </u>	<u> </u>
Net cash outflow for capital expenditure		(49,973)	(84,431)
		<u> </u>	<u> </u>
Net cash inflow (outflow) before use of liquid resources and financing		318,110	(164,961)
Financing			
Debt due within one year:			
Movement in short term bank borrowings		(117,059)	92,805
Debt due after one year:			
Movement in bank loan		(53,712)	100,562
Capital element of finance lease payments		(30,539)	21,316
		<u> </u>	<u> </u>
Net cash (outflow) inflow from financing		(201,310)	214,683
		<u> </u>	<u> </u>
Increase in cash		<u>116,800</u>	<u>49,722</u>

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts are prepared under the historical cost convention.

1.2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company net of value added tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	20%	straight line
Furniture and fittings	10%	straight line
Office equipment	25%	straight line
Computer equipment	20%	straight line
Motor vehicles	25%	straight line

Depreciation is not provided on freehold interests in properties where the directors are of the opinion that the properties concerned are sufficiently well maintained to ensure that their residual values are not materially less than cost.

1.4 Leasing and hire purchase

Assets acquired under hire purchase contracts or finance leases are capitalised at fair value as tangible fixed assets and depreciated in accordance with the company's normal depreciation policy for the class of asset concerned. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. Finance charges are taken to the profit and loss account on a straight line basis over the contractual repayment period.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value.

1.6 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences arising in the normal course of trade are included in the profit and loss account.

NOTES TO THE ACCOUNTS**For the year ended 30 September 1999****1.7 Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that a liability to taxation is likely to crystallise.

1.8 Pensions

The company operates a number of money purchase pension schemes and contributions are charged to the profit and loss account in the year in which they are payable.

2. TURNOVER

The whole of the turnover is attributable to the company's principal activities as stated in the Directors' Report. An analysis of turnover has not been disclosed, as in the opinion of the directors, such disclosure would be prejudicial to the company's business.

3. OPERATING PROFIT

	1999 £	1998 £
The operating profit is stated after charging (crediting):		
Staff costs (Note 4)	1,101,914	558,696
Depreciation of tangible fixed assets		
owned by the company	25,696	28,908
held under finance leases	25,352	21,460
Loss (profit) on disposal of fixed assets	10,151	(7,927)
Auditors' remuneration	7,000	5,000
	<u>1,101,914</u>	<u>558,696</u>

4. STAFF COSTS

	1999 £	1998 £
Staff and directors' costs		
Wages and salaries	989,837	458,017
Social security costs	63,031	43,833
Other pension costs	49,046	56,846
	<u>1,101,914</u>	<u>558,696</u>

	No.	No.
Average monthly number of employees during the year		
Warehouse and distribution	10	10
Sales	6	7
Administrative	10	10
	<u>26</u>	<u>27</u>

Barco Wholesale Limited

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

5.	DIRECTORS' EMOLUMENTS	1999 £	1998 £
	Management remuneration and benefits	665,000	85,000
	Money purchase pension scheme contributions	38,046	55,646
		<u>703,046</u>	<u>140,646</u>

During the year, retirement benefits were accruing to 2 directors (1998 - 2) in respect of money purchase pension schemes.

6. PENSION COSTS

The company operates a number of money purchase pension schemes for certain of its directors and employees, the assets of which are held in independently administered funds. Contributions paid in the year amounted to £49,046 (1998 - £56,846).

7.	INTEREST PAYABLE	1999 £	1998 £
	Bank loan and overdraft	10,643	14,731
	Hire purchase contracts and finance leases	9,329	4,566
		<u>19,972</u>	<u>19,297</u>

8.	TAXATION	1999 £	1998 £
	UK corporation tax at 21% for the previous year	-	53,746
	Prior year adjustments	(1,344)	(484)
	Corporation tax recoverable in respect of prior years	(19,087)	-
		<u>(20,431)</u>	<u>53,262</u>

No provision for corporation tax is required for the current year owing to the loss incurred.

Barco Wholesale Limited

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

9. TANGIBLE FIXED ASSETS

	Freehold properties £	Plant and machinery £	Motor vehicles £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost						
At 1 October 1998	318,419	12,696	99,379	59,202	111,153	600,849
Additions	-	-	26,382	6,284	49,807	82,473
Disposals	-	(6,600)	(11,295)	-	(57,209)	(75,104)
	<u>318,419</u>	<u>6,096</u>	<u>114,466</u>	<u>65,486</u>	<u>103,751</u>	<u>608,218</u>
At 30 September 1999	318,419	6,096	114,466	65,486	103,751	608,218
Depreciation						
At 1 October 1998	-	8,014	55,427	25,096	55,693	144,230
Charge for the year	-	1,170	25,352	8,466	16,060	51,048
Disposals	-	(6,600)	(5,648)	-	(20,205)	(32,453)
	<u>-</u>	<u>2,584</u>	<u>75,131</u>	<u>33,562</u>	<u>51,548</u>	<u>162,825</u>
At 31 March 1999	-	2,584	75,131	33,562	51,548	162,825
Net book value						
At 31 September 1999	318,419	3,512	39,335	31,924	52,203	445,393
	<u>318,419</u>	<u>3,512</u>	<u>39,335</u>	<u>31,924</u>	<u>52,203</u>	<u>445,393</u>
At 30 September 1999	318,419	4,682	43,952	34,106	55,460	456,619
	<u>318,419</u>	<u>4,682</u>	<u>43,952</u>	<u>34,106</u>	<u>55,460</u>	<u>456,619</u>

Included in the total net book value of tangible fixed assets at 30 September 1999 is £39,335 (1998 - £43,952), in respect of assets held under finance leases and hire purchase contracts. The depreciation charged on these assets for the year was £25,352 (1998 - £21,460).

10. STOCKS

	1999 £	1998 £
Goods for resale	338,362	248,547
	<u>338,362</u>	<u>248,547</u>

There is no material difference between the replacement cost and historical cost of stocks.

11. DEBTORS

	1999 £	1998 £
Due within one year		
Trade debtors	755,599	753,910
Corporation tax recoverable	19,087	-
Other debtors	3,059	4,373
Prepayments	21,314	17,315
	<u>799,059</u>	<u>775,598</u>

Barco Wholesale Limited

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

12. CREDITORS	1999 £	1998 £
Due within one year		
Trade creditors	426,903	389,560
Corporation tax	-	53,746
Other taxes and social security	54,770	35,365
Directors' loan accounts	2,760	22,410
Unpaid directors' bonuses (gross)	565,000	-
Other creditors	1,258	2,388
Accruals	29,372	61,370
	<u>1,080,063</u>	<u>564,839</u>

13. BORROWINGS	Due within one year		Due after one year	
	1999 £	1998 £	1999 £	-1998 £
Secured				
Bank loan and overdraft	50,000	167,059	65,123	118,835
Net obligations under hire purchase contracts and finance leases	23,049	32,169	12,929	34,348
	<u>73,049</u>	<u>199,228</u>	<u>78,052</u>	<u>153,183</u>
			1999 £	1998 £
Bank loan and overdraft				
Repayments fall due:				
Within one year or on demand			50,000	167,059
Between one and two years			65,123	46,000
Between two and five years			-	72,835
			<u>115,123</u>	<u>285,894</u>

The bank loan and overdraft totalling £115,123 (1998 - £285,894) are secured by a fixed charge over the freehold property and by a fixed and floating charge over the other assets of the company. The finance leases are secured on the assets concerned.

Barco Wholesale Limited

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND FINANCE LEASES

	1999 £	1998 £
Amounts payable:		
Within one year	26,074	37,814
Between one and two years	10,525	31,513
Between two and five years	3,882	9,334
	<u>40,481</u>	<u>78,661</u>
Finance charges allocated to future periods	4,503	12,144
	<u>35,978</u>	<u>66,517</u>
Net obligations		
Net obligations are analysed as follows:		
Current obligations	23,049	32,169
Non-current obligations	12,929	34,348
	<u>35,978</u>	<u>66,517</u>

15. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
1,500 Ordinary shares of £1 each	1,500	1,500

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Retained (loss) profit for the year	(95,064)	220,974
Opening shareholders' funds	685,283	464,309
Closing shareholders' funds	<u>590,219</u>	<u>685,283</u>

17. CONTROLLING PARTIES

The company is controlled by the directors by virtue of their shareholdings as shown in the directors' report.

Barco Wholesale Limited

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

18. NOTES TO THE CASH FLOW STATEMENT

18.1 Reconciliation of operating profit to net cash inflow (outflow) from operating activities	1999 £	1998 £
Operating (loss) profit	(104,047)	287,961
Depreciation	51,048	50,368
Loss (profit) on sale of tangible fixed assets	10,151	(7,927)
(Increase) decrease in working capital:		
Stocks	(89,815)	(71,444)
Debtors	(4,374)	(115,100)
Creditors	568,970	(148,339)
Net cash inflow (outflow) from operating activities	<u>431,933</u>	<u>(4,481)</u>

18.2 Reconciliation of net cash flow to movement in net debt	1999 £	1998 £
Increase in cash for the year	116,800	49,722
Cash flow from movement in debt and lease financing	222,310	(165,396)
Change in net debt resulting from cash flows	<u>339,110</u>	<u>(115,674)</u>
New finance leases	(21,000)	(49,287)
Movement in net debt in the year	<u>318,110</u>	<u>(164,961)</u>
Net debt at 1 October 1998	(230,642)	(65,681)
Net debt at 30 September 1999	<u>87,468</u>	<u>(230,642)</u>

18.3 Analysis of net funds

	Start of year £	Cash flow £	End of year £
Cash at bank and in hand	121,769	116,800	238,569
Bank overdrafts	(122,059)	122,059	-
	<u>(290)</u>	<u>238,859</u>	<u>238,569</u>
Debt due within one year	(45,000)	(5,000)	(50,000)
Debt due after one year	(118,835)	53,712	(65,123)
Finance leases	(66,517)	30,539	(35,978)
Total net (debt) funds	<u>(230,642)</u>	<u>318,110</u>	<u>87,468</u>

NOTES TO THE ACCOUNTS

For the year ended 30 September 1999

18. NOTES TO THE CASH FLOW STATEMENT

18.4 Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £26,382.